RESULT REVIEW

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

HOLD
TP: Rs 310 | ▲ 12%

PRINCE PIPES & FITTINGS

| Building Materials | 05 August 2026

Q1FY27: Realisations offset weak volumes; margins sustain

- **5% revenue growth (+2% vs est.) and 584bps margin expansion drive strong EBITDA/APAT beat**
- **Realisations rise 13% YoY, lifting EBITDA/kg to Rs 18.9; working capital remains under control despite inventory build**
- **Maintain HOLD; stronger earnings outlook offset by limited upside; TP Rs 310 at 20x Jun'28 P/E**

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Higher realizations drive earnings beat despite weak volumes: PRINCPIP reported Q1FY27 revenue growth of 5% YoY (+2% vs estimates), supported by higher realizations (+13% YoY), despite volumes declining 7% YoY. EBITDA/APAT came well ahead of our estimates, with EBITDA margin expanding sharply by 584bps YoY to 12.7%, driven by lower raw-material costs and stronger spreads.

Higher spreads offset volume decline; EBITDA/kg more than doubles: Sales volumes declined 7% YoY amid channel adjustment following the sharp PVC price correction, while realisations increased 13% YoY. Gross margin expanded sharply by 839bps YoY to 33.9%, while EBITDA/kg more than doubled to Rs 18.9 (+109% YoY), on improving product mix. The operating cycle stood at 70 days, with lower receivable days (40 days) partly offset by higher inventory days (100 days).

Outlook & KTAs: Management believes industry consolidation is accelerating, supported by PVC-price volatility and the recently introduced MIP, with the compnany continuing to gain market share through retail expansion and digital channel initiatives. The company maintained FY27 volume growth guidance of 12-15% and sustainable EBITDA margin guidance of 11-13%, while reiterating its focus on premiumisation, tighter working-capital management and disciplined capex. Management also expects gradual improvement in the bathware business, targeting breakeven by Q3FY27, while maintaining a long-term ROCE target of 15-20%.

Maintain HOLD; TP of Rs 310: We continue to believe PRINCPIP is well positioned to benefit from industry consolidation, improving retail penetration and a higher share of value-added products. We revise our FY27E-29E revenue/PAT estimates by 3-4%/0-10%, respectively, reflecting better-than-expected Q1FY27 profitability and an improving industry outlook, while EBITDA estimates remain largely unchanged. We retain our 20x Jun'28 P/E multiple and revise our TP to Rs 310 (earlier Rs 270). We maintain our HOLD rating, given the limited upside from the current market price.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	PRINCPIP IN/Rs 276
Market cap	US$ 321.5mn
Free float	39%
3M ADV	US$ 1.6mn
52wk high/low	Rs 358/Rs 205
Promoter/FPI/DII	61%/4%/16%

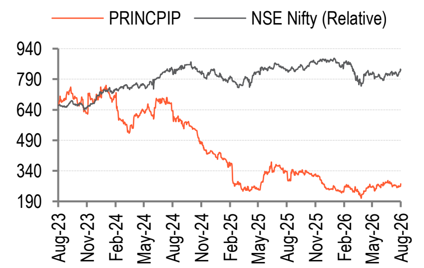
Source: NSE | Price as of 4 Aug 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	25,983	31,645	36,790
EBITDA (Rs mn)	2,316	2,868	3,644
Adj. net profit (Rs mn)	680	1,133	1,536
Adj. EPS (Rs)	6.2	10.2	13.9
Consensus EPS (Rs)	6.2	10.8	14.3
Adj. ROAE (%)	4.2	6.7	8.6
Adj. P/E (x)	44.9	26.9	19.9
EV/EBITDA (x)	13.2	10.5	8.6
Adj. EPS growth (%)	52.0	66.6	35.6

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

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Fig 1 – Quarterly performance - Consolidated

Particulars (Rs mn)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	BOBCAPS Q1FY27E	Variance (%)
Operating income	6,094	5,804	5.0	8,501	(28.3)	5,974	2.0
Raw-Material expense	4,027	4,323	(6.8)	6,057	(33.5)	4,331	(7.0)
Gross Profit	2,067	1,482	39.5	2,444	(15.4)	1,643	25.8
Employee expense	509	413	23.4	508	0.2	513	(0.8)
Other expense	787	673	16.8	840	(6.3)	694	13.4
EBITDA	772	396	95.0	1,096	(29.6)	436	77.1
D&A	350	307	13.9	343	2.1	352	(0.5)
EBIT	421	88	377.7	753	(44.1)	84	403.0
Interest cost	32	52	(37.8)	43	(24.5)	40	(19.1)
Other income	40	27	45.9	46	(12.7)	46	(12.7)
PBT	429	64	574.6	756	(43.3)	90	378.7
Tax	91	15	494.3	195	(53.1)	23	305.6
Reported PAT	337	48	600.2	561	(39.8)	67	403.4
Adjusted PAT	337	48	600.2	561	(39.8)	67	403.4
As % of net revenues			**chg (bps)**		**chg (bps)**		
Gross margin	33.9	25.5	839	28.8	517	27.5	642
Employee cost	8.4	7.1	125	6.0	237	8.6	(24)
Other cost	12.9	11.6	130	9.9	303	11.6	129
EBITDA margin	12.7	6.8	584	12.9	(23)	7.3	537
Tax rate	21.3	24.2	(288)	25.8	(448)	25.2	(385)
APAT margin	5.5	0.8	471	6.6	(106)	1.1	442

Source: Company, BOBCAPS Research

Fig 2 – Key operating metrics

Particulars	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)
Sales Volumes (KTPA)	40.7	43.7	(6.9)	62.2	(34.5)
Realization (Rs/kg)	149.6	132.7	12.7	136.7	9.4
EBITDA per unit (Rs/kg)	18.9	9.0	109.4	17.6	7.4
Inventory (days)	100	83	-	70	-
Debtor (days)	40	55	-	51	-
Creditor (days)	70	46	-	76	-
Operating cycle (days)	70	92	-	45	-

Source: Company, BOBCAPS Research

Earnings Call Highlights

- **Industry Dynamics:** Management believes industry consolidation continues to accelerate, supported by PVC-price volatility, supply security concerns and rising customer preference for organised brands. The recently introduced PVC minimum import price (MIP) is expected to improve pricing stability, reduce import-led disruption and support healthier channel inventory across the industry.

- **Pipe demand scenario:** Q1FY27 volumes declined 7% YoY due to channel destocking following the sharp PVC-price correction in Apr'26, although management highlighted that demand recovered steadily through May-Jun'26 and continued improving in Jul'26. Plumbing demand remained stronger than agri, while the company continued to outperform industry volumes, supported by retail expansion and ongoing market-share gains.

- **Guidance:** PRINCPIP maintained FY27 management targets for 12-15% volume growth. Sustainable EBITDA margin target at 11-13%.

- **Retail expansion and digitisation:** Management continues to strengthen its retailer-led distribution strategy through expansion across South and East India, supported by retailer incentive programmes, distributor management systems (DMS) and salesforce automation (SFA). The company believes the shift from a push-led to a pull-led sales model will improve secondary sales visibility, retailer engagement and support long-term market-share gains.

- **Working Capital:** Working capital days stood at 71 days in Q1FY27, with receivable days improving to 40 days while inventory increased to 100 days due to temporary supply-security concerns during the Middle East conflict and lower-than-expected Q1 volumes. Management reiterated its inventory guidance of 65-75 days and continues to target debtor-day reduction through tighter collections, channel financing and a higher retail mix.

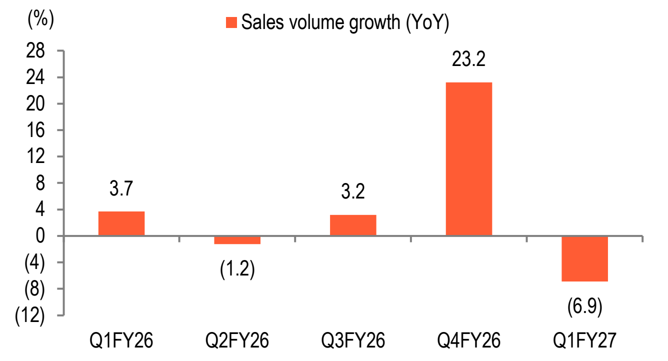
- **Capex and Capacity Utilisation:** Capacity utilisation stood at 49% during Q1FY27, providing adequate headroom to achieve FY27 volume guidance. Management indicated that utilisation of 60-65% remains optimal before considering further capacity expansion. Around Rs 400-420 mn capex was incurred during Q1FY27, primarily towards completion of the second tranche of the Bhuj bathware facility, with FY27 capex guidance remaining unchanged at Rs 2-2.1bn.

- **Bathware and Diversification:** Bathware revenue stood at ~Rs 130 mn during Q1FY27, with EBITDA loss of ~Rs 50 mn. Management expects a meaningful improvement from Q2FY27 onwards and reiterated its target of achieving breakeven at a quarterly revenue run-rate of ~Rs 250 mn by Q3FY27. The Bhuj manufacturing facility is expected to strengthen the company's long-term diversification strategy.

- **MTM inventory:** The company reported no inventory gain or loss during Q1FY27 and expects no material MTM impact in Q2FY27

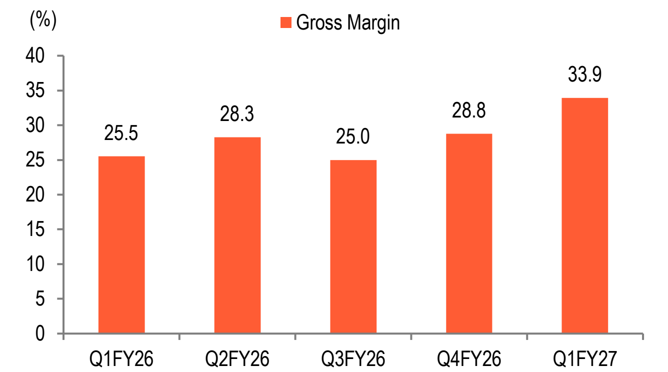
- **ROCE:** The company continues to target long-term ROCE of 15-20% while maintaining a strong balance sheet and adequate financial flexibility to support future growth.

Fig 3 – PRINCPIP's volume de grew by 7% YoY in Q1FY27



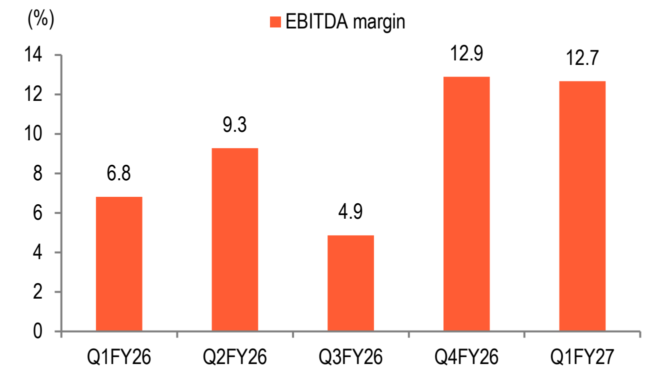
Source: Company, BOBCAPS Research

Fig 4 – Gross margin improved by 839bps YoYto 33.9% in Q1FY27



Source: Company, BOBCAPS Research

Fig 5 – EBITDA margin improved on better product mix in Q1FY27



Source: Company, BOBCAPS Research

Fig 6 – PRINCPIP volume forecast to grow at 15% CAGR over FY26-FY29E

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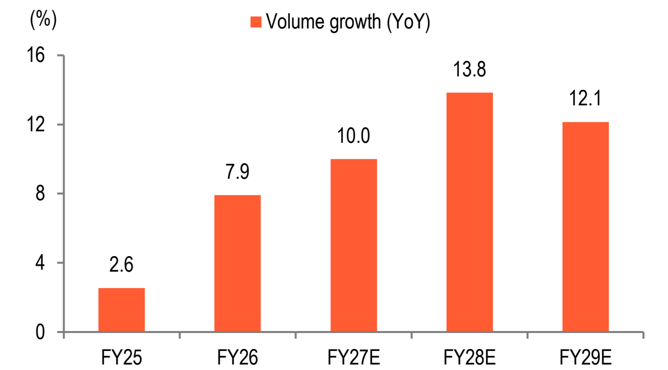
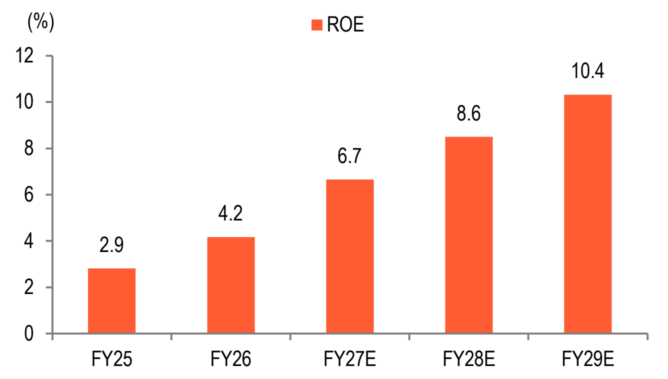


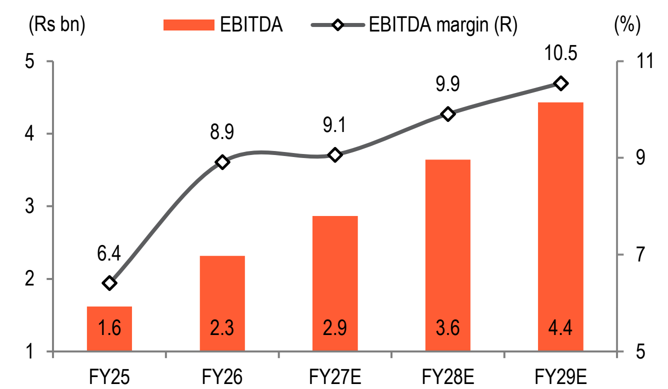
Source: Company, BOBCAPS Research

Fig 7 – ROE is projected to gradually improve to 10.54 by FY29E on gradual ramp-up of existing capacity..



Source: Company, BOBCAPS Research

Fig 8 – .. and anticipated improvement in EBITDA margin from 8.9% in FY26 to 10.5% by FY29E



Source: Company, BOBCAPS Research

Valuation Methodology

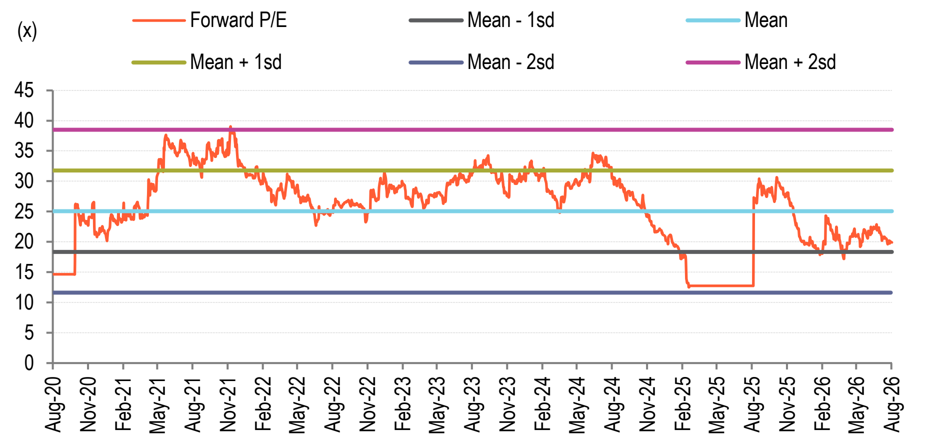
We continue to believe PRINCPIP is well positioned to benefit from industry consolidation, improving retail penetration and a higher share of value-added products. We revise our FY27E-29E revenue/PAT estimates by 3-4%/0-10%, respectively, reflecting better-than-expected Q1FY27 profitability and an improving industry outlook, while EBITDA estimates remain largely unchanged. We retain our 20x Jun'28 P/E multiple and revise our TP to Rs 310 (earlier Rs 270). We maintain our HOLD rating, given the limited upside from the current market price.

Fig 9 – Revised estimates

Standalone (Rs mn)	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Operating income	31,645	36,790	42,038	30,515	35,502	40,715	4	4	3
EBITDA	2,868	3,644	4,431	2,759	3,600	4,463	4	1	(1)
EBITDA Margin (%)	9.1	9.9	10.5	9.0	10.1	11.0	2	(23)	(42)
Adjusted PAT	1,133	1,536	2,013	1,030	1,480	2,014	10	4	(0)
EPS (Rs)	10.2	13.9	18.2	9.3	13.4	18.2	10	4	0

Source: BOBCAPS Research

Fig 10 – PRINCPIP 1YF PE band chart



Source: Bloomberg, BOBCAPS Research

Fig 11 – Key assumptions

Particulars	FY25A	FY26A	FY27E	FY28E	FY29E
Sales Volume growth (%)	2.6	7.9	10.0	13.8	12.1
Realization growth (%)	(4.2)	(4.6)	10.7	2.1	1.9
EBITDA per unit (Rs/kg)	9.1	12.1	13.6	15.2	16.5
Pre-tax ROIC (%)	3.4	6.3	9.1	11.7	13.8

Source: Company, BOBCAPS Research

Key Risks

- Sharp recovery in real estate activity and market share gain in plastic pipes are key upside risks
- Slow ramp-up of Bihar plant and increased exposure to group companies are key downside risks

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	**25,239**	**25,983**	**31,645**	**36,790**	**42,038**
EBITDA	1,618	2,316	2,868	3,644	4,431
Depreciation	1,070	1,311	1,406	1,502	1,652
EBIT	548	1,005	1,462	2,142	2,779
Net interest inc./(exp.)	(97)	(96)	(130)	(130)	(130)
Other inc./(exp.)	137	109	160	40	40
Exceptional items	0	217	0	0	0
EBT	588	801	1,492	2,053	2,690
Income taxes	157	266	359	517	677
Extraordinary items	0	50	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	**431**	**486**	**1,133**	**1,536**	**2,013**
Adjustments	16	194	0	0	0
Adjusted net profit	**447**	**680**	**1,133**	**1,536**	**2,013**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	2,611	3,922	4,776	5,553	6,345
Other current liabilities	1,667	1,924	1,924	1,924	1,924
Provisions	35	41	50	58	66
Debt funds	2,641	1,400	1,669	1,838	2,012
Other liabilities	475	507	507	507	507
Equity capital	1,106	1,106	1,106	1,106	1,106
Reserves & surplus	14,659	15,339	16,252	17,456	19,137
Shareholders' fund	15,764	16,445	17,357	18,562	20,243
Total liab. and equities	**23,194**	**24,239**	**26,283**	**28,442**	**31,096**
Cash and cash eq.	1,097	2,771	1,339	843	960
Accounts receivables	4,229	3,633	4,684	5,446	6,223
Inventories	6,095	4,953	6,409	7,463	8,528
Other current assets	1,437	1,725	2,100	2,440	2,788
Investments	3	3	3	3	3
Net fixed assets	9,415	10,558	11,152	11,651	11,999
CWIP	197	238	238	238	238
Intangible assets	191	126	126	126	126
Deferred tax assets, net	0	0	0	0	0
Other assets	530	232	232	232	232
Total assets	**23,194**	**24,239**	**26,283**	**28,442**	**31,096**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**1,215**	**4,640**	**490**	**1,755**	**2,365**
Capital expenditures	(2,556)	(2,110)	(2,000)	(2,000)	(2,000)
Change in investments	161	(1,138)	0	0	0
Other investing cash flows	49	(3)	160	40	40
Cash flow from investing	**(2,347)**	**(3,251)**	**(1,840)**	**(1,960)**	**(1,960)**
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	1,497	(1,242)	269	170	173
Interest expenses	(106)	153	(130)	(130)	(130)
Dividends paid	(111)	(55)	(221)	(332)	(332)
Other financing cash flows	(82)	(389)	0	0	0
Cash flow from financing	**1,198**	**(1,533)**	**(82)**	**(292)**	**(288)**
Chg in cash & cash eq.	**67**	**(144)**	**(1,432)**	**(496)**	**117**
Closing cash & cash eq.	**1,222**	**1,078**	**(354)**	**(850)**	**(733)**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	3.9	4.4	10.2	13.9	18.2
Adjusted EPS	4.0	6.2	10.2	13.9	18.2
Dividend per share	0.5	1.0	2.0	3.0	3.0
Book value per share	142.6	148.7	157.0	167.9	183.1

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	1.2	1.2	0.9	0.8	0.8
EV/EBITDA	19.3	13.2	10.5	8.6	7.1
Adjusted P/E	68.2	44.9	26.9	19.9	15.2
P/BV	1.9	1.9	1.8	1.6	1.5

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	76.0	84.9	75.9	74.8	74.8
Interest burden (PBT/EBIT)	107.4	79.7	102.1	95.8	96.8
EBIT margin (EBIT/Revenue)	2.2	3.9	4.6	5.8	6.6
Asset turnover (Rev./Avg TA)	108.8	107.2	120.4	129.4	135.2
Leverage (Avg TA/Avg Equity)	1.5	1.5	1.6	1.6	1.6
Adjusted ROAE	2.9	4.2	6.7	8.6	10.4

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	(1.7)	2.9	21.8	16.3	14.3
EBITDA	(47.9)	43.1	23.8	27.1	21.6
Adjusted EPS	(73.9)	52.0	66.6	35.6	31.0
Profitability & Return ratios (%)					
EBITDA margin	6.4	8.9	9.1	9.9	10.5
EBIT margin	2.2	3.9	4.6	5.8	6.6
Adjusted profit margin	1.8	2.6	3.6	4.2	4.8
Adjusted ROAE	2.9	4.2	6.7	8.6	10.4
ROCE	3.7	6.2	8.5	10.7	12.7
Working capital days (days)					
Receivables	61	51	54	54	54
Inventory	88	70	74	74	74
Payables	38	55	55	55	55
Ratios (x)					
Gross asset turnover	1.9	1.6	1.8	1.8	1.9
Current ratio	2.1	2.0	1.9	1.9	1.9
Net interest coverage ratio	5.7	10.4	11.3	16.5	21.5
Adjusted debt/equity	0.1	(0.1)	0.0	0.1	0.1

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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BUY – Expected return >+15%

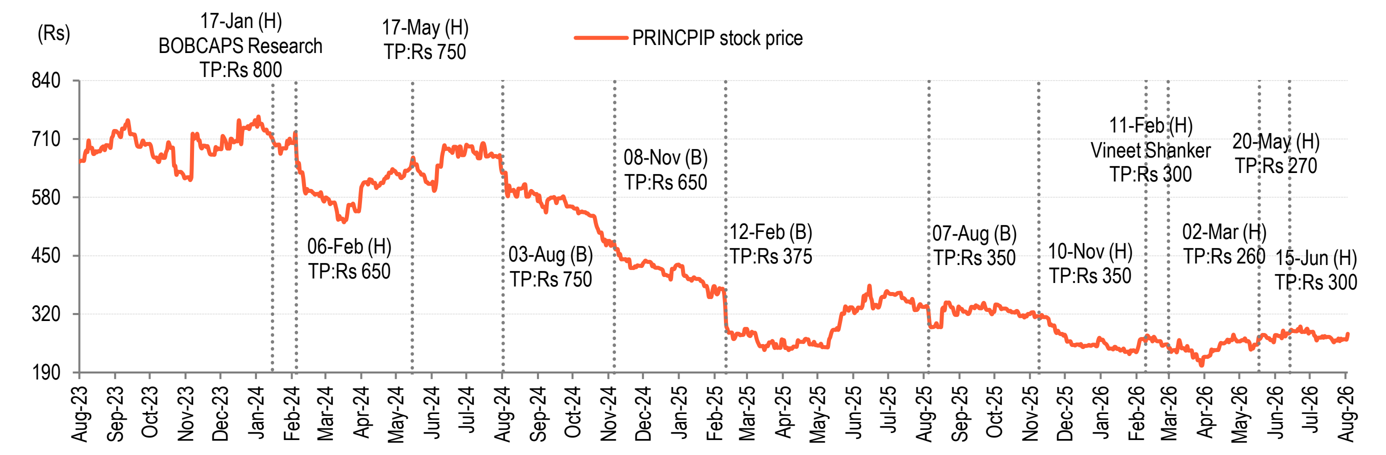
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): PRINCE PIPES & FITTINGS (PRINCPIP IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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